

STATEMENT OF CONSIDERATIONS

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN
PATENT RIGHTS IN INVENTIONS MADE IN THE PERFORMANCE OF
COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS
(CRADA'S) ENTERED INTO BY BECHTEL BWXT IDAHO, LLC (BBWI)
UNDER ITS MANAGEMENT AND OPERATING CONTRACT NO. DE-
AC07-99ID13727 - W(C)-99-006; CH-1012

The Department of Energy (DOE) considers its Government-owned, Contractor-operated (GOCOs) laboratories, such as the Idaho National Engineering and Environmental Laboratory (INEEL), national resources capable of providing significant contributions to the development of new products and processes, job creation, skill enhancement of the U.S. labor force, and improved U.S. competitiveness.

Congress, recognizing this unique aspect of GOCO laboratories, enacted the National Competitiveness Technology Transfer Act of 1989, hereinafter "Act" (Public Law 101-189). The purpose of the Act was to promote technology transfer between GOCOs and the private sector and to enhance collaboration between universities, the private sector, and GOCOs in order to foster the development of technologies in areas of significant economic potential. The Conference Report noted that it was the intent of the Conferees that the GOCO Laboratory Managers be granted authority to facilitate technology transfer to the fullest extent authorized by law.

The Act amended the Stevenson-Wydler Technology Transfer Innovation Act of 1980 (Public Law 96-480, as amended) in a number of major ways. First, the Act extended, upon agency approval, to GOCOs the same authority earlier provided in Section 12 of Stevenson-Wydler for Government-Operated Federal Laboratories (GOGOs) to enter into Cooperative Research and Development Agreements (CRADAs) with one or more non-Federal parties.

Second, the Act required that the GOCOs' operating contracts be modified, to the extent not already included, to establish technology transfer as a mission for the laboratories. The term "Laboratory" as set forth in the Act includes for purposes of this Class Waiver any of the facilities that Bechtel BWXT Idaho, LLC (BBWI) manages and operates under DOE Prime Contract No. DE-AC07-99ID13727 (hereinafter the 13727 Contract).

The Act defined a CRADA as:

Any agreement between one or more Federal Laboratories and one or more non-Federal parties under which the Government, through its laboratories, provides personnel, services, facilities, equipment, or other resources with or without reimbursement (but not funds to non-Federal parties) and the non-Federal parties provide funds, personnel, services,

facilities, equipment, or other resources toward the conduct of specified research or development efforts which are consistent with the missions of the Laboratory.

Excluded from this type of agreement are procurement contracts, grants, or cooperative agreements as these terms are used in sections 6303, 6304, and 6305 of Title 31.

Advance Waiver of CRADA Inventions of Bechtel BWXT Idaho, LLC

The scope of this class waiver is directed to the class of inventions which comprises subject inventions made by employees of BBWI in the performance of work under a CRADA entered into pursuant to the 13727 contract in conformance with the Act.

This waiver is consistent with the objectives and considerations of DOE's waiver regulations. It is believed that the waiver of the Government's rights in inventions made by employees of BBWI in the performance of work under a CRADA will best promote the commercial utilization of such inventions and make the benefits of the cooperative research effort widely available to the public in the shortest time practicable.

The waiver will permit BBWI to negotiate with prospective CRADA participants in a position of having rights to inventions of its employees, as is normally the case in the private sector. The actual disposition of rights in intellectual property will be negotiated at business length based upon the equities and commitments of the participants and BBWI.

Under the 13727 Contract, BBWI is committed to moving waived subject inventions into the commercial marketplace in an expeditious manner. The waiver of rights to CRADA inventions of its employees will provide BBWI with a position to negotiate with prospective CRADA participants and facilitate moving the results of any CRADA towards commercialization. The success in negotiating rights under CRADAs and in achieving commercial utilization of CRADA inventions will be factors in evaluating BBWI's performance in meeting its licensing and technology transfer mission under the 13727 Contract.

Implementation of this class waiver to the CRADA inventions of BBWI is by a simple procedure which requires the following:

- (1) BBWI reporting the invention within the times specified in the 13727 Contract;
- (2) BBWI electing in writing whether or not to retain title to the invention

within the times specified in the 13727 contract; and

- (3) BBWI identifying the invention as a subject invention under a CRADA, together with the identity and other particulars of the CRADA, and information with respect to the payment of the costs of prosecuting and maintaining any patent application(s) or patent(s) on the waived invention.

After review of the invention and relevant facts, Patent Counsel will certify whether the waiver is applicable to the invention.

Advanced Waiver to CRADA Participant Inventions

The scope of this Class Waiver is also directed to the class of inventions made by employees of, or persons acting on behalf of, participants under CRADAs entered into with BBWI in conformance with the Act. Since CRADAs do not fall within the definition of "funding agreements" of Public Law 96-517, the patent policy set forth therein as applicable to small businesses and non-profit organizations does not apply. Hence, inventions made by any small business, non-profit organization or for-profit large business participant in a CRADA are intended to be covered by this Class Waiver.

With respect to this advance Class Waiver, it is expected that BBWI will negotiate agreements that provide for a substantial cost-sharing of the joint research effort by the participants, thereby achieving a leveraging of the Government-funded portion of the joint work. In so doing, this waiver is seen to be an extension of existing DOE patent waiver policy which recognizes that substantial cost-sharing by participants is an indication of commitment by the participants to advance the technology and effect commercial utilization. Additionally, work being performed under CRADAs is typically driven by the needs of the participant and is likely to be of near term commercial value. Hence, it is believed that the granting of the advance Class Waiver of inventions made by participants under CRADAs will also make the benefits of the CRADA research widely available to the public in the shortest practicable time and promote the commercial utilization of the waived inventions.

It is believed that technology transfer will be enhanced by BBWI and CRADA participants being able to offer for commercialization subject inventions to which they hold title; together with other related inventions and intellectual property that they may have.

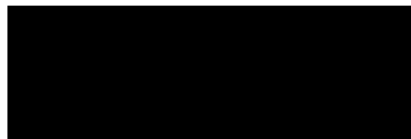
Implementation of this advance Class Waiver is to be by execution of a DOE approved CRADA. This waiver is effective as of the initiation date of the 13727 Contract. Participants' cost of filing and maintaining any patent application(s) or patent(s) on their inventions will be at private expense.

Additionally, in accordance with the policy set out in 15 U.S.C. §3710a, BBWI will ensure that the participant has the option to choose an exclusive license for a pre-negotiated field of use for any waived inventions. It is also expected that in negotiating rights to any waived inventions (including background inventions owned by the parties, if any) BBWI and the participant will be guided by the respective equities of the parties, the small business status of the participant, if applicable, and the overall objective of securing the most expeditious route for moving the technology from research and development to the marketplace. It is also recognized that the parties, in order to achieve the above objectives, may allocate title or other rights to waived inventions among themselves as they deem appropriate during the course of the CRADA. When the allocation or division of rights is through good faith negotiation for commercialization purposes, the fact that each party may not own the subject CRADA inventions that it makes will not be a basis for disapproval of the CRADA.

This waiver of the Government's rights in inventions as set forth herein is subject to the Government's retention of: (1) a nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States the waived invention, and (2) march-in rights (comparable to those set out in 35 U.S.C. 203).

The grant of this Class Waiver should not adversely effect competition or market concentration. Waived inventions will be subject to a royalty-free license to the Government, and DOE has the right to require periodic reports on utilization or the efforts at obtaining utilization of any waived inventions. Also, if a participant is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in rights and require licensing of the invention.

Accordingly, in view of the objectives and considerations set forth in DOE's statutory waiver policy, the objectives of Public Law 101-189, and Executive Order 12591, all of which have been considered, it is recommended that this Class Waiver be granted.



Daniel D. Park
Assistant Chief Counsel
Office of Intellectual Property Law

Date 12/9/99

Based on the foregoing Statement of Considerations, it is determined that the

interest of the United States and the general public will best be served by a waiver of U. S. and foreign patent rights as set forth herein and, therefore, the waiver is granted subject to the terms of the 13727 Contract. This waiver shall not affect any waiver previously granted.

CONCURRENCE:

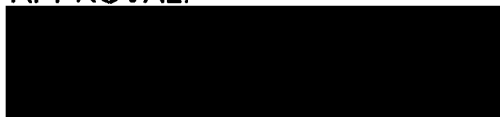


Gerald G. Boyd, Deputy Assistant
Secretary for Science & Technology,
Office of Environmental Management

Date

2/28/00

APPROVAL:



Paul A. Gottlieb, Assistant General
Counsel for Technology Transfer
and Intellectual Property, HQ

Date

2-29-00